ANNUAL REPORT

OF

THE SASKATCHEWAN DEVELOPMENT FUND CORPORATION

OF

THE PROVINCE OF SASKATCHEWAN

FOR THE YEAR ENDING DECEMBER 31, 1984

Letter of Transmittal

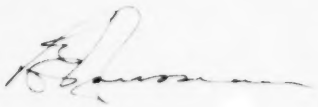
Regina, Saskatchewan

The Honourable Fred W. Johnson,
Lieutenant Governor,
Province of Saskatchewan.

Sir:

I have the honour to submit herewith the annual report of the Saskatchewan Development Fund Corporation for the year ending December 31, 1984, including the financial statements therefor, duly certified by the Provincial Auditor and in the form approved by the Treasury Board, all in accordance with The Saskatchewan Development Fund Act, 1974.

I have the honour to be, Sir, your obedient servant,



Paul Rousseau,
Responsible Minister,
Saskatchewan Development Fund Corporation

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THE SASKATCHEWAN DEVELOPMENT FUND CORPORATION

BOARD OF DIRECTORS

Mr. M. D. Acton, Chairman
Honourable P. Rousseau, Vice-Chairman
Mr. M. Costello
Mr. W. J. Craddock

SECRETARY TO THE BOARD

Mr. Dan Baldwin

ACTING GENERAL MANAGER

Mr. T. C. Lane

OFFICE MANAGER

Mrs. Florence Barrow

INVESTMENT MANAGEMENT

Saskatchewan Department of Finance

THE SASKATCHEWAN DEVELOPMENT FUND

REPORT TO SHAREHOLDERS

1984

THE SASKATCHEWAN DEVELOPMENT FUND

HIGHLIGHTS 1984

The Saskatchewan Development Fund is comprised of two sections; a mutual fund section and an annuity section. Highlights for each section are as follows:

MUTUAL FUND SECTION

During 1984 the investment portfolio was reduced by $2,907,189 due to share redemption payouts and by $1,700,000 utilized to repay a loan to the Saskatchewan Development Fund Corporation. As a result the market value of the mutual fund's investment portfolio was $8,305,467 as at December 31, 1984 (1983 – $11,212,656).

Each mutual fund share had a value of $5.27 as at December 31, 1984, an increase of 11¢ from the 1983 value of $5.16.

The earnings per share were 54.6¢ for the year ended December 31, 1984 (1983 – 56.5¢).

Shareholders' equity in the mutual fund section at the end of the year was made up of the following:

	Number of Investors	Value
Retirement Savings	817	$6,261,361
Regular	411	1,783,046
Home Ownership Savings	27	126,574
Deferred Profit Sharing	10	234,759
Retirement Income Fund	1	24,860
	1,266	$8,430,600

Effective July 15, 1983, the mutual fund discontinued the sale of new shares and in effect became a "closed end" mutual fund.

ANNUITY FUND SECTION

The annuity section of the Fund had total assets of $26,828,753 of which $13,358,967 are in loan-back annuities.

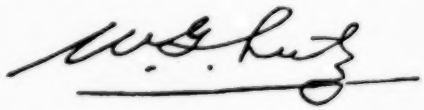
Total annuity premiums during the year were $275,236 compared to $870,029 during 1983. The annuity fund surplus increased to $734,060 from $497,159 in 1983. At December 31, 1984 deferred annuities payable were $26,084,110 (739 contracts); at December 31, 1983 deferred annuities payable were $27,618,980 (758 contracts).

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of the Saskatchewan Development Fund as at December 31, 1984 and the statements of changes in shareholders' equity and annuity fund surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1984 and the changes in the shareholders' equity and annuity fund surplus for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
February 18, 1984

W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1

SASKATCHEWAN DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION

As at December 31

MUTUAL FUND SECTION

	1984	1983
ASSETS		
Cash on deposit	$ 38,611	$ —
Accounts receivable	—	4,817
Interest receivable	172,324	268,227
Investments, at market value (Note 2) (Schedule 1)	8,305,467	11,212,656
	$ 8,516,402	$11,485,700

ANNUITY FUND SECTION

	1984	1983
ASSETS		
Cash on deposit	$ 29,309	$ 56,603
Accounts receivable	—	7,875
Interest receivable	307,234	348,680
Loans receivable (Note 3)	13,358,967	14,015,360
Investments, at amortized cost (Note 2) (market value 1984 — $13,409,304 1983 — $13,822,319) (Schedule 1)	13,133,243	13,687,996
	$26,828,753	$28,116,514

(See accompanying notes)

Statement 1

SASKATCHEWAN DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION

As at December 31

MUTUAL FUND SECTION

	1984	1983
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Bank Indebtedness	$ —	$ 24,012
Accounts payable — Saskatchewan Development Fund Corporation	8,882	50,192
Redemptions payable	76,920	184,958
Loan payable — Saskatchewan Development Fund Corporation	—	1,700,000
	85,802	1,959,162
Shareholders' equity:		
Shares issued and outstanding: (Notes 2 & 5) (Statement 2)	8,430,600	9,526,538
	$ 8,516,402	$11,485,700

ANNUITY FUND SECTION

	1984	1983
LIABILITIES AND ANNUITY FUND SURPLUS		
Liabilities:		
Accounts payable — Saskatchewan Development Fund Corporation	$ 10,583	$ 375
Deferred annuities payable (Notes 2 and 4)	26,084,110	27,618,980
Annuity fund surplus (Statement 3)	734,060	497,159
	$26,828,753	$28,116,514

(See accompanying notes)

Statement 2

SASKATCHEWAN DEVELOPMENT FUND
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
MUTUAL FUND SECTION

Year Ended December 31

	1984	1983
Reinvested earnings:		
Investment income	$ 1,157,480	$ 1,563,485
Management fees (Note 6 (b))	(105,122)	(143,990)
Interest expense	(131,863)	(159,774)
	920,495	1,259,721
Appreciation of investments (Note 2)	138,597	131,314
Net contributions (redemptions) by shareholders:		
Proceeds from sale of shares (Note 6 (a))	–	357,409
Share redemptions	(2,155,030)	(4,755,253)
	(2,155,030)	(4,397,844)
Decrease in shareholders' equity	(1,095,938)	(3,006,809)
Shareholders' equity, beginning of year	9,526,538	12,533,347
Shareholders' equity, end of year	$ 8,430,600	$ 9,526,538

Share value and reinvested earnings per share (Note 5)

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND
STATEMENT OF CHANGES IN ANNUITY FUND SURPLUS
ANNUITY FUND SECTION

Year Ended December 31

	1984	1983
Revenue:		
Investment Income	$1,759,968	$1,869,409
Interest on Loans	1,790,432	1,872,946
	3,550,400	3,742,355
Expenses:		
Annuity and other interect expense (Note 4)	3,248,637	3,376,145
Management fee (Note 6 (b))	64,862	86,836
	3,313,499	3,462,981
Increase in annuity fund surplus	236,901	279,374
Annuity fund surplus, beginning of year	497,159	217,785
Annuity fund surplus, end of year	$ 734,060	$ 497,159

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND
NOTES TO FINANCIAL STATEMENTS

December 31, 1984

1. **Status of the Fund**

Pursuant to The Saskatchewan Development Fund Act, the Fund was established in 1974 and is managed by the Saskatchewan Development Fund Corporation.

2. **Significant Accounting Policies**

The Fund's accounting policies are in accordance with generally accepted accounting principles. The following are considered to be significant:

Mutual Fund Section

a) Investment transactions are accounted for on the trade date (date the order to buy or sell is executed). Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date.

b) Discounts and premiums in excess of $1,000 on the date each bond, debenture or bearer discount coupon is purchased, are amortized over the remaining life of the securities on a straight-line basis.

c) Mutual fund shares are sold or redeemed on the basis of the market value of the investment portfolio as established at the appropriate calculation date in accordance with the procedures outlined below. Accordingly, the cost at which investments are originally recorded is adjusted to market value for financial statement purposes.

- Valuation of investments traded on an established exchange is calculated on the basis of the last selling price announced at the close of the last business day of each month;
- Valuation of investments less frequently traded is set at a level neither greater than the last asking price nor less than the latest bid price;
- In cases other than those covered above the Saskatchewan Development Fund Corporation has discretionary authority to set a value.
- Valuation of investments is calculated monthly on the advice of the Investment Manager, Investment and Financial Services Branch of the Department of Finance.

d) Net asset value per share is computed on the final business day of each month by dividing the total number of shares of the Mutual Fund Section then outstanding into the net value of the assets of that section of the Fund at that date;

e) The Saskatchewan Development Fund Corporation transacts sales and redemptions of shares at the net asset value per share computed on the first calculation day after receipt of a firm order.

Annuity Fund Section

a) Investments

Investments in this section are recorded at amortized cost as outlined in the Mutual Fund section policies (a and b), with no adjustment recorded to reflect current market vales.

b) Deferred Annuities Payable

The total amount payable to annuitants over the remaining life of outstanding contracts at December 31, 1984 was $48,673,629 (1983 — $53,966,645). The fund follows the policy of discounting the total liability under annuity contracts by the interest rate implicit in each contract when sold.

3. **Loans Receivable**

In 1980 and 1981, the Saskatchewan Development Fund Corporation entered into annuity contracts. Under the terms of these contracts a loan was made to the annuitant which constituted a substantial portion of the qualifying amount of the annuity. The interest rate on the loan equated the loan repayments to the annuity amounts received. Accrued interest receivable to December 31, 1984 of $462,922 (1983 — $801,231) is included with loans receivable.

4. **Deferred Annuities Payable**

	1984	1983
Balance, beginning of year	$27,618,980	$28,248,592
Annuity contracts sold (Note 6 (a))	275,236	870,029
	27,894,216	29,118,621
Total payments made to annuitants	(5,058,743)	(4,875,786)
Less: Annuity interest expense included in above	3,248,637	3,376,145
Principal repaid to annuitants	(1,810,106)	(1,499,641)
Balance, end of year	$26,084,110	$27,618,980

5. **Share Value and Reinvested Earnings Per Share**

	1984	1983
Share value at December 31	$ 5.27	$ 5.16
Reinvested earnings per share	54.6 cents	56.5 cents

The share value was calculated in accordance with Note 2(c) and based on 1,598,944 shares (1983 — 1,847,524 shares) outstanding at the end of the fiscal year.

Reinvested earnings per share — reflects the sum of the earnings allocated throughout the year to shareholders' accounts, divided by the number of shares outstanding at the beginning of the month for which the respective earnings were recorded.

6. **Management Fees and Other Charges**

To meet the selling and other expenses of managing the Fund, the following charges are made by the Saskatchewan Development Fund Corporation:

a) sales charges –

i) mutual fund section – an assessment, not exceeding 4% on funds invested by mutual fund shareholders at the time of investment. This charge ceased on July 15, 1983 (See Note 7).

ii) annuity fund section – a commission not exceeding 1½% of the premium received plus $125 on each annuity contract.

These amounts are deducted in the determination of the net proceeds received from sales of shares and annuity contracts by the Fund,

b) an annual management fee being the lesser of 1¼% of the net value of the assets of the Fund or the expenses and charges attributable to the management of the Fund.

7. **Operations**

Effective July 15, 1983, the Saskatchewan Development Fund discontinued the sale of new shares and in effect became a "closed end" mutual fund.

Schedule 1

SASKATCHEWAN DEVELOPMENT FUND
SCHEDULE OF INVESTMENTS

December 31, 1984

MUTUAL FUND SECTION

Description	Rate	Maturity Date	Amortized Cost	Market Value	Percent of Total Investments
Term Investments					
Benson & Hedges PN	10.00%	Jan. 09/85	$ 99,645	$ 99,645	
Toronto-Dominion Bank Bankers Accept. PN	10.20%	Jan. 31/85	396,126	396,126	
Caisses Centrale Desj. du Quebec PN	10.55%	Feb. 20/85	24,539	24,539	
			520,310	520,310	6.26%
Dominion, Provincial and Municipal Bonds					
Saskatchewan	10.00%	Dec. 02/99	1,024,516	852,217	
Saskatchewan	10.25%	Apr. 01/01	980,836	821,750	
Saskatchewan	9.00%	Feb. 01/02	841,066	735,063	
Saskatchewan	9.50%	Jun. 15/03	630,969	602,625	
Ontario Hydro	9.75%	May 01/05	497,434	409,500	
Quebec Hydro	10.75%	Mar. 27/04	200,000	174,500	
City of Regina	11.25%	Oct. 31/95	392,949	346,875	
			4,567,770	3,942,530	47.47%
Corporate Debentures					
Great West Life	12.75%	Nov. 15/93	500,000	513,150	
Sask Wheat Pool	9.875%	Jun. 15/97	164,000	139,400	
			664,000	652,550	7.86%
Convertible Debentures					
Royal Bank of Canada	11.25%	Dec. 09/91	792,717	876,000	10.55%
Shares					
11,000 CDC Life Science			137,500	143,000	1.72%
Mortgages					
First City Trust	10.50%		506,774	478,040	
Morguard Trust	10.75%		503,471	478,298	
Morguard Trust	19.50%		35,994	37,275	
Morguard Trust	10.75%		483,393	458,257	
Morguard Trust	11.875%		211,189	205,276	
Morguard Trust	10.75%		210,786	200,605	
Morguard Trust	10.50%		97,647	92,501	
Toronto-Dominion Bank	10.50%		234,074	220,825	
			2,283,328	2,171,077	26.14%
			$ 8,965,625	$ 8,305,467	100.00%*

*Percent of total investments is calculated with reference to market value.

ANNUITY SECTION

Description	Rate	Maturity Date	Amortized Cost	Market Value	Percent of Total Invest-ments
Term Investments					
Chase Manhattan Canada Bankers Accept. PN	11.00%	Jan. 10/85	$ 374,916	$ 374,916	
Ford Credit Canada PN	10.80%	Feb. 04/85	98,227	98,227	
Caisses Centrale PN	10.75%	Feb. 06/85	231,053	231,053	
Caisses Centrale Desj. du Quebec PN	10.55%	Feb. 20/85	49,078	49,078	
Bank of B.C. Mtge PN	10.90%	Mar. 06/85	97,298	97,298	
Bank of America — Bankers Accept. PN	10.20%	Mar. 18/85	175,680	175,680	
Ontario Hydro BDC	13.375%	Mar. 25/85	273,400	273,400	
B.C. Hydro BDC	14.50%	Apr. 14/86	316,140	316,140	
B.C. Hydro BDC	14.50%	Oct. 14/86	299,820	299,821	
			1,915,612	1,915,613	14.59%
Dominion, Provincial and Municipal Bonds					
Saskatchewan	8.75%	Dec. 01/90	863,143	895,000	
Saskatchewan	10.00%	Dec. 02/99	409,097	342,000	
B.C. Hydro	14.50%	Apr. 14/06	37,914	44,800	
B.C. Municipal Fin.	10.25%	May 15/99	170,523	171,480	
B.C. Municipal Fin.	12.25%	Dec. 06/99	500,000	491,250	
N.B. Electric	13.75%	May 15/90	200,000	216,000	
Nova Scotia Power	9.375%	Jan. 10/03	198,197	157,000	
Ontario Hydro	9.375%	Jan. 25/05	487,922	397,500	
Prince Ed. Island	10.625%	Apr. 18/04	249,035	217,725	
			3,115,831	2,932,755	23.72%

ANNUITY SECTION — (continued)

Description	Rate	Maturity Date	Amortized Cost	Market Value	Percent of Total Invest-ments
Corporate Debentures					
Avco Finance	13.00%	Nov. 01/89	$ 198,992	$ 206,080	
Bank of Montreal	11.75%	Sep. 08/91	215,269	257,500	
C.I.B.C. Mortgage	12.75%	Sep. 01/88	450,000	469,845	
Credit Foncier	14.50%	Apr. 21/85	10,000	10,139	
Consumers' Gas	18.50%	Oct. 01/86-91	250,000	317,050	
Dofasco	13.50%	Nov. 01/00	249,011	262,500	
Edmonton Centre	9.25%	Apr. 01/99	192,749	157,210	
GMAC	16.00%	Dec. 03/86	200,000	214,600	
Great West Life	12.50%	Nov. 15/88	500,000	503,750	
Inland Nat Gas	18.25%	Nov. 15/85-96	213,000	287,763	
Maritime Tel	16.50%	Jul. 15/86	250,000	265,800	
Maritime Tel	10.75%	Mar. 15/97	259,916	227,500	
Nova An Alta	17.75%	Feb. 15/97	108,889	132,825	
Nu-West Dev	11.50%	May 31/99	111,000	111,000	
Pacific No. Gas	18.00%	May 01/97	465,000	614,730	
RM Halton Ontario	13.75%	Dec. 01/86-90	250,000	265,450	
Roynat Inc	17.00%	Jul. 29/86	200,000	214,320	
Simpsons Sears	14.75%	Apr. 01/96	99,250	108,500	
Simpsons Sears	12.75%	Jun. 15/00	375,000	378,150	
Standard Brands	14.00%	Mar. 15/00	471,000	510,093	
Stelco	13.50%	Oct. 01/00	100,000	104,750	
Traders Group	9.50%	Jun. 15/91	82,156	83,250	
Victoria & Grey	12.25%	Jul. 22/88	500,000	507,100	
Walker Home Oil	15.50%	Dec. 15/86-91	151,279	178,250	
West Coast Trans	12.25%	Jul. 15/00	385,236	393,000	
			6,287,747	6,781,155	47.88%
Mortgages					
Maritime Life Assur	10.75%		247,817	246,478	
Morguard Trust	12.00%		104,859	102,017	
Morguard Trust	12.00%		105,640	102,735	
Morguard Trust	12.00%		108,512	105,355	
Morguard Trust	10.75%		106,056	100,382	
Morguard Trust	10.75%		106,134	100,456	
Morguard Trust	11.375%		297,693	286,053	
Morguard Trust	11.375%		194,789	182,634	
Morguard Trust	12.875%		320,445	322,368	
Toronto-Dominion Bank	14.75%		222,108	231,303	
			1,814,053	1,779,781	13.81%
			$13,133,243	$13,409,304	100.00%*

* Percent of total investments is calculated with reference to amortized cost.

SASKATCHEWAN DEVELOPMENT FUND CORPORATION
HIGHLIGHTS 1984

The Saskatchewan Development Fund Corporation was established in 1974 under The Saskatchewan Development Fund Act to perform the duties of trustee, custodian, and manager for the Saskatchewan Development Fund.

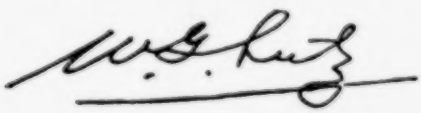
The corporation recorded net earnings of $92,966 for 1984.

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of the Saskatchewan Development Fund Corporation as at December 31, 1984 and the statements of operations and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
February 18, 1985.

W. G. Lutz, F.C.A.,
Provincial Auditor.

SASKATCHEWAN DEVELOPMENT FUND CORPORATION
STATEMENT OF FINANCIAL POSITION

As At December 31

	1984	1983
ASSETS		
Current Assets		
Cash and short term deposit (Note 3)	$ 543,836	$ 466,502
Accounts receivable – Saskatchewan Development Fund	19,428	10,502
Interest receivable – Saskatchewan Development Fund	–	40,064
Loan receivable – Saskatchewan Development Fund	–	1,700,000
Prepaid expenses	6,915	8,298
	570,179	2,225,366
Furniture and equipment (Note 4)	1,829	2,241
	$ 572,008	$2,227,607
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,502	$ 50,067
Promissory note – Province of Saskatchewan	–	1,700,000
	1,502	1,750,067
Province of Saskatchewan's Equity		
Advances (Notes 5 and 6)	1,497,175	1,497 175
Deficit	(926,669)	(1,019,635)
	570,506	477,540
	$ 572,008	$2,227,607

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION
STATEMENT OF OPERATIONS AND DEFICIT

For the Year Ended December 31

	1984	1983
Revenue		
Fund management (Note 8)	$ 173,801	$ 258,035
Interest	183,141	194,016
	356,942	452,051
Expenses		
Selling and administrative	132,387	201,110
Guarantees (Note 6)	—	849
Interest	131,589	159,785
	263,976	361,744
Net earnings	92,966	90,307
Deficit, beginning of year	(1,019,635)	(1,109,942)
Deficit, end of year	$ (926,669)	$(1,019,635)

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended December 31

	1984	1983
Source of Funds		
From operations		
Net earnings	$ 92,966	$ 90,307
Item not requiring an outlay of funds — depreciation	506	561
	93,472	90,868
Application of Funds		
Purchase of fixed assets (net)	94	—
Increase in working capital	93,378	90,868
Working capital, beginning of year	475,299	384,431
Working capital, end of year	$ 568,677	$ 475,299

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION
NOTES TO FINANCIAL STATEMENTS

December 31, 1984

1. **Status of the Corporation**

The Saskatchewan Development Fund Corporation was established in 1974 under The Saskatchewan Development Fund Act to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund.

The Corporation has been designated by Order-in-Council as a corporation to which the provisions of Part II of The Crown Corporations Act, 1978 apply. Accordingly the financial results of the Corporation are included in the consolidated financial statements of the Crown Investments Corporation of Saskatchewan.

2. **Summary of Significant Accounting Policies**

The Corporation's accounting policies are in accordance with generally accepted accounting principles. The following are considered to be significant:

Furniture and equipment

The costs of maintenance and repairs are charged to operations as they arise. The costs of major replacements, extensions and improvements are capitalized in the furniture and equipment accounts. On retirement or disposal of furniture and equipment, the costs thereof and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the statement of operations.

Depreciation

Furniture and equipment are depreciated over their estimated useful lives at the rate of 20% per year on a declining balance basis.

3. **Cash and Short Term Deposit**

This amount includes a $520,000 (1983 – $450,000) interest bearing deposit with the Crown Investments Corporation of Saskatchewan.

4. **Furniture and Equipment**

	1984	1983
Furniture and equipment, at cost	$8,293	$9,068
Accumulated depreciation	6,464	6,827
Net book value	$1,829	$2,241

5. **Advances**

These advances are non-interest bearing and repayable to the Crown Investments Corporation of Saskatchewan at its discretion.

6. **Guarantees**

In accordance with the provisions of The Saskatchewan Development Fund Act, the Corporation has guaranteed to each mutual fund shareholder the return of his investment in the fund less sales charge, together with interest at the rate of 5% compounded annually from the date of investment in the fund. In 1984 the amount by which the guaranteed sums exceeded the value of shares redeemed at their respective redemption dates was $ nil. (1983 – $849). The cumulative guarantees paid for shares redeemed was $1,084,227 to December 31, 1984.

The Crown Investments Corporation of Saskatchewan financed a portion of the cost of the Corporation's redemption guarantees by means of non-interest bearing equity advances. Advances of $997,175 have been received from the Crown Investments Corporation of Saskatchewan for the guarantee expenses incurred by the Corporation to December 31, 1984.

7. **Remuneration of Directors**

As at December 31, 1984, four persons (1983 - four) served on the Company's Board of Directors. The Corporation's directors received $3,471 (1983 – $3,068) from the Saskatchewan Development Fund Corporation in 1984.

8. **Fund Management Fees and Other Charges**

To meet the selling and other expenses of managing the Saskatchewan Development Fund, the following charges are made by the Corporation:

a) sales charges –
   i) mutual fund section – an assessment, not exceeding 4% on funds invested by mutual fund shareholders at the time of investment. This sales charge ceased effective July 15, 1983 when the Saskatchewan Development Fund discontinued the sale of new shares,
   ii) annuity fund section – a commission not exceeding 1½% of the premium received plus $125 on each annuity contract sold,

b) an annual management fee being the lesser of 1¼% of the net value of the assets of the fund or the expenses and charges incurred by the Corporation attributable to the management of the fund.

9. **Related Party Transactions**

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the corporation is related.

Account balances resulting from these transactions are included in the statements of financial position and are settled on normal trade terms.

Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.